

**TESTIMONY OF  
Johnson Memorial Hospital  
SUBMITTED TO THE  
APPROPRIATIONS COMMITTEE  
Friday, February 14, 2014**

**HB 5030, An Act Making Adjustments To State Expenditures For The  
Fiscal Year Ending June 30, 2015**

Johnson Memorial Hospital appreciates the opportunity to submit testimony concerning **HB 5030, *An Act Making Adjustments To State Expenditures For The Fiscal Year Ending June 30, 2015***. Since the passage of the biennium budget this past May, CHA and its members have been working with the Office of Policy and Management (OPM) and the Department of Social Services (DSS) to develop a new payment framework for acute care hospitals that provides stable and predictable resources to hospitals while improving care and controlling costs. Our mutual goal has been to develop and implement that framework by July 1, 2014.

Johnson Memorial Hospital suffered from last year's budget actions, which imposed a tax of \$336 million on hospitals over the biennium. We've done extraordinary things to minimize the impact to patient care. But it is very challenging. Johnson Memorial Hospital was forced to reduce budgets and roll back employee increases for fiscal 2013 while still maintaining our commitment to high quality health care in our communities to which we serve.

Altogether, in the last year, Connecticut hospitals have eliminated more than 1,400 jobs, reduced staff salaries and benefits, reduced some services, and postponed investments in technology and infrastructure. This is having a negative effect on the state economy. But we are hopeful that we can improve the situation as well as the quality of care by redesigning the Medicaid program with a keen focus on patients and improving the care they count on.

CHA is proposing a plan that aligns with the state's health reform agenda; builds upon the existing Medicaid FFS payment system; focuses on programs to improve access to appropriate care, thereby reducing disparities and improving population health; uses quality metrics to track and reward change; and invests in hospitals that achieve the shared vision.

Johnson Memorial Hospital has always been committed to improving patient care and ensuring that every person receives safe, excellent care. Generations of families have come to rely on Johnson Memorial Hospital to care for them in sickness and health. It is critical that Johnson Memorial Hospital be financially strong and stable. In addition to our care giving role, Johnson Memorial Hospital is an important part of the local economy and the area's economic development strategies. Johnson Memorial Hospital employs 1100 associates, with a total payroll of \$33,643,000. Hospital payroll expenditures serve as an important economic stimulus, creating and supporting jobs throughout the local and state economies.

Each year Johnson Memorial Hospital spends about \$23,245,000 on goods and services it needs to provide healthcare – e.g., medical supplies, electricity for its buildings, and food for patients. Funds spent to buy goods and services flow from the hospital to businesses and then ripple throughout the economy. These dollars generate a total of \$25,093,000 for the local economy. Dollars earned by Johnson Memorial Hospital employees and spent on groceries, clothing, mortgage payments, rent,

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etc., generate approximately \$36,317,000 in economic activity and create an additional 470 jobs for the local economy.

Investing in better care for the people of Connecticut is a good investment for the state. CHA is proposing a series of incentives that are tied to producing results. The incentives would be sourced by a \$30 million appropriation of state funds, which would be matched by \$70 million in federal funds. Payout from the incentive pool would be conditioned on achieving results.

CHA's plan would improve people's lives. We are ready to put the plan in place effective July 1, 2014. Please vote to modify the budget to include the investment dollars necessary to make it happen.

Thank you for your consideration of our position.

A handwritten signature in black ink, appearing to read "Stuart E. Rosenberg".

Stuart E. Rosenberg  
President/CEO